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The Honorable Katherine Tai  
United States Trade Representative  
600 17<sup>th</sup> Street NW  
Washington, D.C. 20508

Dear Ambassador Tai:

I urge you to request consultations under Article 31.4:1 of the United States – Mexico – Canada Agreement (USMCA) to explore whether Canada's Underused Housing Tax (UHT)<sup>1</sup> is consistent with the agreement. The UHT, which imposes a tax on properties owned by non-residents and non-Canadians, has a disproportionate and apparently discriminatory impact on Americans who own property in Canada.

The United States and Canada have a longstanding, cooperative, and mutually beneficial relationship. Western New York and Southern Ontario exemplify this unique bond. The UHT's impact on Americans who own property in Canada, however, threatens our binational community and appears to be inconsistent with the USMCA. As I understand it, the intent of the UHT is to promote affordable housing in Canada and protect against foreign speculation. The application of the UHT, however, appears to discriminate against Americans who have owned modest cottages in Canada for generations. The UHT is crippling Northern Border communities and their residents. Further, the UHT's apparently discriminatory impact appears to be inconsistent with the USMCA's protections afforded to Americans who own real estate in Canada.

In Southern Ontario, along the north shore of Lake Erie, there are communities of American and Canadian cottage owners, including Fort Erie, Port Colborne, among others. Every summer, American families return to these modest, seasonal cottages to participate in the community they have been part of for generations. Many of these modest cottages are owned by seniors on fixed incomes and middle-class families who have owned the cottages for decades—in some cases, over a century. These cottages often are not equipped for year-round occupancy and are only fit for use as vacation residences. Hundreds of constituents, as well as Americans around the country, have contacted my office regarding the apparently discriminatory impact of the UHT.

I strongly believe the UHT is inconsistent with the USMCA and appreciate USTR's consideration of this request. Thank you for your attention to this important matter.

Sincerely,



BRIAN HIGGINS  
Member of Congress

<sup>1</sup> Underused Housing Tax, (S.C. 2022, c. 5, s. 10) <https://laws-lois.justice.gc.ca/eng/acts/U-0.5/index.html>